

**130 BROAD STREET AND BROAD STREET (REAR)
MIDDLETOWN, CONNECTICUT**

AUTHORIZED BY:

Bacon Brothers, Inc.
c/o Mr. John T. Bacon
359 Main Street
Middletown, Connecticut 06457

DATE OF VALUATION:

September 3, 1997

PREPARED BY:

Italia & Lemp, Inc.
15 Lewis Street
Hartford, Connecticut 06103

ITALIA & LEMP, INC.

ITALIA & LEMP, INC.

REAL ESTATE APPRAISERS • CONSULTANTS

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Christopher A. Italia, MAI
Principal

Patrick A. Lemp
Principal

September 17, 1997

Bacon Brothers, Inc.
c/o Mr. John T. Bacon
359 Main Street
Middletown, Connecticut 06457

Re: 130 Broad Street and Broad Street (rear)
Middletown, Connecticut

Dear Mr. Bacon:

At your request, the above-referenced property has been examined for the purpose of estimating the market value of the fee simple estate. This report is being prepared to facilitate asset evaluation by the client. A copy of the engagement letter is included within the Addenda to this report as Exhibit A. This written appraisal product represents a Complete Appraisal communicated in a Self-Contained Appraisal Report.

The property being appraised consists of two noncontiguous parcels of land located along Broad Street. Parcel 1, referred to as 130 Broad Street, consists of 8,000 square feet of land, or 0.18 acres, situated along the east side of Broad Street in the city of Middletown, Connecticut. The site is rectangularly shaped and has 50 feet of continuous frontage along Broad Street. The second parcel (hereinafter referred to as Parcel 2 and known as Broad Street - rear), consists of 12,632 square feet of land, or 0.29 acres, situated between Broad and Main streets in the city of Middletown, Connecticut. The rectangular site is not provided with frontage along Broad Street and is provided access via a 50-foot right-of-way driveway easement, which is located along the southerly boundary of the parcel.

Parcel 1 (130 Broad Street) is improved with a two-story, light industrial building that was constructed in 1945 and remodeled in 1982. The building is bermed into the side of the site with the second floor of the structure at grade along the Broad Street frontage with the first floor at grade in the rear portion of the building. The building contains an estimated 5,928 square feet of gross building area. Overall, the building is provided with 432 square feet of finished office space which equates to approximately 7.3% of the total building area.

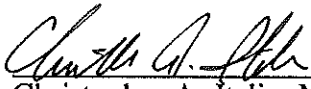
Parcel 2 (Broad Street, rear) is improved with two warehouse/cold storage buildings which were constructed circa 1919. Building 1 on Parcel 2 consists of a one-story concrete block building over partially unfinished basement. The building contains a total of 2,604 square feet of gross building area and is currently used for warehouse/storage space. Additionally, the building is provided with approximately 100 square feet of finished office area. Building 2 on Parcel 2 consists of a 3,577 square foot, wood-frame building with a brick exterior. The building is provided with a 10-foot overhead door which provides adequate access to the building. The building is currently used for storage and vehicular garage space. Overall the subject property is considered to be in fair to average condition.

The highest and best use of the subject property is for continued use as a light industrial facility with associated storage/warehouse space. The Sales Comparison and Income Capitalization approaches were used in estimating the market value of the subject. A thorough review of this appraisal report, including the Assumptions and Limiting Conditions and Certification, should be made to fully understand the criteria and basis for the final value estimate.

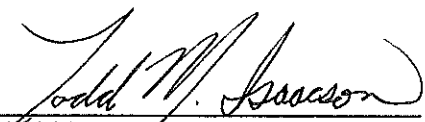
Based upon an investigation and analysis of the information gathered with respect to this assignment, as of September 3, 1997, the subject property is estimated to have a market value of:

TWO HUNDRED FORTY THOUSAND DOLLARS
(\$240,000)

Respectfully submitted,



Christopher A. Italia, MAI
Certification Number 303



Todd M. Isaacson
Provisional Appraiser Number 206

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EXECUTIVE SUMMARY

Property Type	Light industrial with adjacent warehouse/storage space
Location	130 Broad Street and Broad Street (rear), Middletown, Connecticut
Owner of Record	
Parcel 1	130 Broad Street -- John T. Bacon and C. William Bacon
Parcel 2	Broad Street (rear) -- Bacon Brothers, Inc.
Date of Value Estimate	September 3, 1997
Property Rights Appraised	Fee simple estate
Purpose of Appraisal	To estimate the market value of the fee simple estate of the subject property
Function of Appraisal	To facilitate asset evaluation by the client
Land Area	
Parcel 1	Approximately 0.18 acres, or 8,000 square feet
Parcel 2	Approximately 0.29 acres, or 12,632 square feet
Zone	B-1, Central Business District
Assessment & Tax Data	Refer to document
Building Area	
Parcel 1	Approximately 5,928 square feet of gross building area
Parcel 2 - Building 1	Approximately 2,604 square feet of gross building area
Parcel 2 - Building 2	Approximately 3,577 square feet of gross building area
Total	Approximately 12,109 square feet of gross building area
Highest and Best Use	
As Though Vacant	Commercial development as allowed within the B-1 zoning district
As Improved	Continued use as a light industrial property with adjacent warehouse/storage space
Estimated Marketing Time	Market value conclusions recognize the characteristics of the subject real estate and consider the current economic environment and its effect on real property. A marketing period of one year is considered reasonable in which to induce the sale of the subject property at the value estimated within this report.

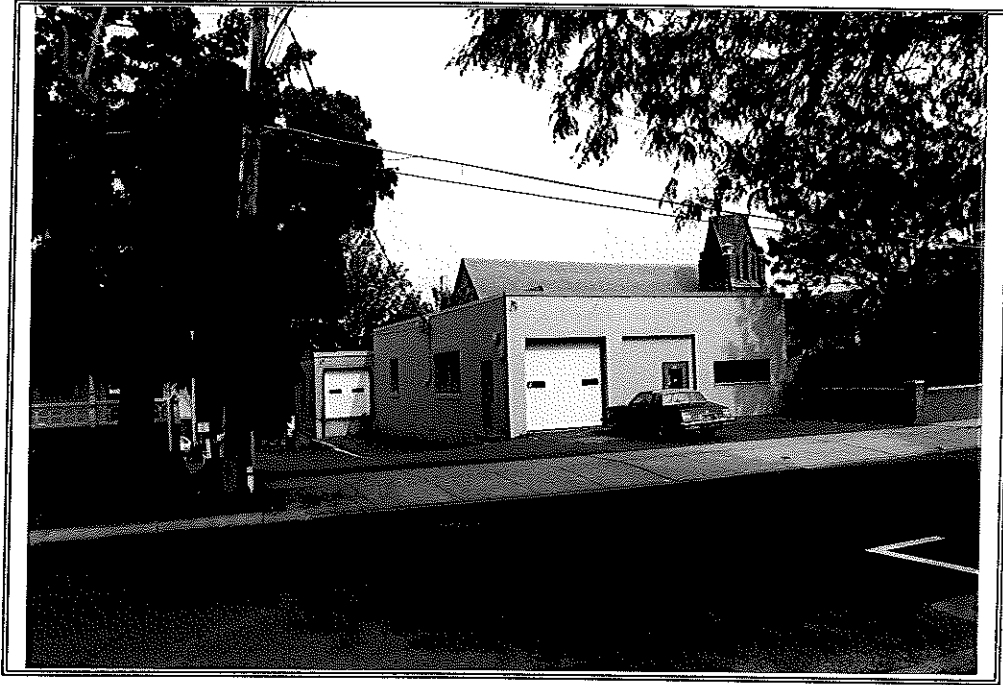
VALUES INDICATED

Cost Approach	Not applicable
Sales Comparison Approach	\$245,000
Income Capitalization Approach	\$230,000

FINAL ESTIMATE OF VALUE.....\$240,000

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PHOTOGRAPHS OF THE SUBJECT PROPERTY



Southeasterly view of Parcel 1 from the Broad Street frontage



Southwesterly view of the rear of Parcel 1

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PHOTOGRAPHS OF THE SUBJECT PROPERTY (continued)



Northwesterly view of Building 1 on Parcel 2

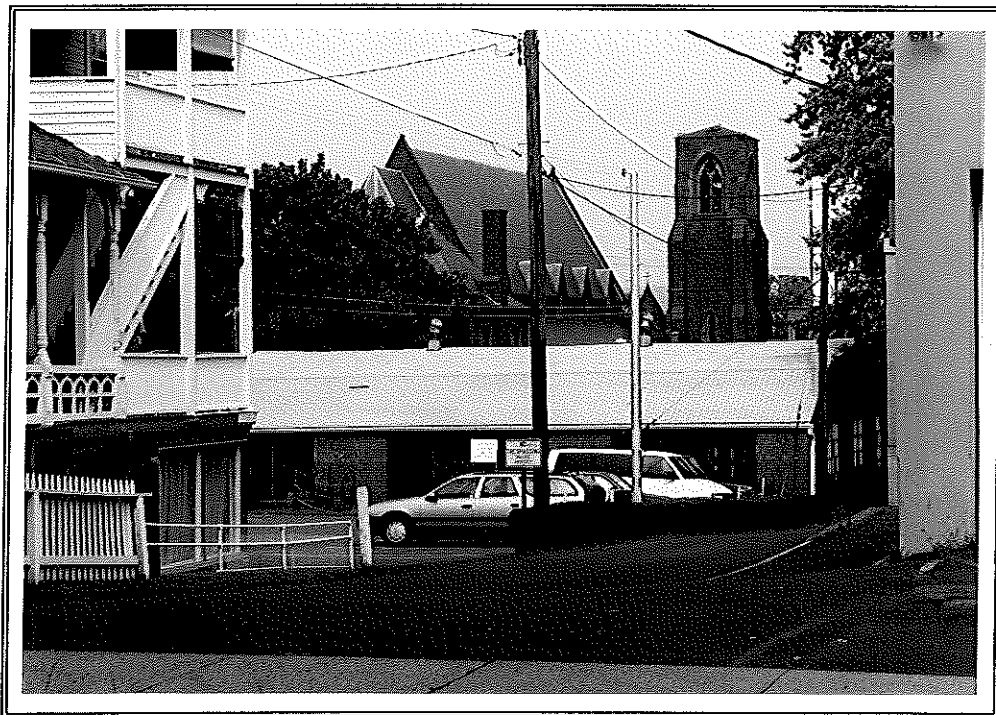


Northeasterly view of Building 1 on Parcel 2

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Northwesterly view of Building 2 on Parcel 2



Northeasterly view of Building 1 on Parcel 2 from the access right-of-way

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Northerly view of the subject frontage along Broad Street



Southerly view of the subject frontage along Broad Street

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IDENTIFICATION OF THE PROPERTY BEING APPRAISED

Location	130 Broad Street (Parcel 1) and Broad Street - rear (Parcel 2) Middletown, Connecticut
Owner of Record	
Parcel 1	John T. Bacon and C. William Bacon
Parcel 2	Bacon Brothers, Inc.
Property Type	Light industrial property with adjacent warehouse/storage space
Tax Assessor Reference	
Parcel 1	Map 22, block 17-51, lot 4 Assessor cards contained in Exhibit C
Parcel 2	Map 22, block 17-51, lot 27 Assessor cards contained in Exhibit C
Building Area	
Parcel 1	5,928 square feet of gross building area
Parcel 2 - Building 1	2,604 square feet of gross building area
<u>Parcel 2 - Building 2</u>	<u>3,577 square feet of gross building area</u>
Total	12,109 square feet of gross building area

SALES HISTORY/LEGAL DESCRIPTION

The subject property was conveyed via two separate transactions. Parcel 1 was conveyed on November 1, 1968, from Elco Realty Company, Inc., to John T. Bacon and C. William Bacon. This warranty deed is recorded in Volume 361, commencing on page 373 of the city of Middletown land records. Parcel 2 was conveyed on March 1, 1946, from Mary G. Bacon to Bacon Brothers, Inc. This warranty deed is recorded in Volume 214, commencing on page 87 of the city of Middletown land records. There have been no transfers of the subject property within the past three years.

To the best of the appraiser's knowledge, the subject property is not under contract for sale or offered for sale at this time. However, the city of Middletown and the property owners are considering a sale at market value.

A photocopy of the legal description is included within the Addenda as Exhibit B.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to estimate the market value of the fee simple estate.

USE OF APPRAISAL REPORT

This report is to be used by the client for asset evaluation purposes.

DATE OF VALUE ESTIMATE

The effective date of this valuation is September 3, 1997, the date of the most recent physical inspection of the property.

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COMPETENCY PROVISION

The appraiser has both the knowledge and experience necessary to complete this appraisal assignment competently. The Qualifications section of this report outlines the educational and professional background and licensing/certification status of the appraiser.

PROPERTY RIGHTS APPRAISED

The property interest being appraised is the fee simple estate. This definition may be referenced in the Definitions section of this report.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS

As part of preparing this appraisal report, the appraiser has made a number of independent investigations and analyses. The following summarizes the basic outline of activities undertaken in this process.

- To develop the opinion of value, the appraiser performed a complete appraisal process, as defined by the Uniform Standards of Professional Appraisal Practice. This means that no departures from Standard 1 were invoked. This is a Self-Contained Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice.
- An inspection of the property was conducted on September 3, 1997.
- The subject market area was reviewed to analyze regional and neighborhood trends and their effect on the value of the subject property. Various data sources, including demographic statistics compiled by various state agencies, zoning files, available site and building information, the land records of all comparable sales, and other sources of public information were reviewed and used as a guide in estimating property value.
- The market area has been researched for sales of improved properties that can be considered comparable to the subject. These sales have been analyzed and adjusted to derive the market value of the subject property.
- The market area has been researched for pertinent rental and expense information for comparably improved properties to estimate the market rent and pro forma operating expenses for the subject property.
- Income information was provided by the current property owner. The available information includes verbal month-to-month rental rates for partial occupancy of the building on Parcel 1. Expense information for the subject property was not made available for review by the appraiser. *
- Lender and investor parameters were researched through discussions with market participants to prepare cash flow analyses via the Income Capitalization Approach.

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* Appraiser did not ask for this info

APPRAISAL DEVELOPMENT AND REPORTING PROCESS (continued)

- Adequate market information was available to develop the Sales Comparison and Income Capitalization approaches. The Cost Approach to Value was not developed within this report.
- In deriving a final indication of market value as of the date of this appraisal, the data collected in developing the applicable approaches were reviewed for accuracy and reasonableness. Greater emphasis is placed upon the approach that is deemed to be the most reliable.

CRITICAL ASSUMPTIONS

The value estimate in this report is subject to the following critical disclosures in addition to the standard Assumptions and Limiting Conditions located at the end of this report.

AMERICANS WITH DISABILITIES ACT

The Americans with Disabilities Act (ADA) became effective January 26, 1992. A specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA have not been conducted. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since no direct evidence relating to this issue is available, this report does not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

STANDARDS

This appraisal report has been prepared in accordance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the Uniform Standards of Professional Appraisal Practice (USPAP), additional standards applicable to federally related transactions, and any additional standards and conditions required for appraisals as may be required by the client.

PERSONAL PROPERTY/EQUIPMENT

Personal property/equipment will not be valued within this appraisal report.

HAZARDOUS SUBSTANCES

The subject property owner reported that Parcel 2 currently has two underground gasoline tanks with a reported capacity of 1,000 gallons per tank. The subject owner reported that these tanks are to be removed within the next 30 days at the cost of the subject owner. Based upon this information, this report is predicated on the assumption that the underground tanks have been removed and that the underlying subject site has not been impaired or contaminated by the existence of these tanks. Therefore, this appraisal is predicated on the assumption that hazardous substances do not exist at the subject property. No evidence of potentially hazardous materials used in the construction or maintenance of any improvements was observed on the date of inspection. The appraiser, however, is not qualified to detect such substances, including the existence of urea-formaldehyde insulation, radon gas, foam and asbestos insulation, lead paint, or other potentially hazardous materials that may have an effect on the value of the property. Additionally, no soil survey has been furnished, and it is assumed that no surface or subsurface contaminants are present. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

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DEFINITIONS

MARKET VALUE -- Market value is defined by the Federal Deposit Insurance Corporation Final Rule on Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, effective September 19, 1990. This definition is recorded in the Code of Federal Regulations in 12 CFR Part 323.2(f) as follows:

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

MOST PROBABLE SELLING PRICE* -- The price at which a property would most probably sell if exposed on the market for a reasonable time under the market conditions prevailing on the date of the appraisal.

DIRECT CAPITALIZATION* -- 1) A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor. 2) A capitalization technique that employs capitalization rates and multipliers extracted from sales. Only the first year's income is considered. Yield and value change are implied, but not identified.

FEE SIMPLE ESTATE* -- Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

LEASED FEE ESTATE* -- An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

* Source: The Dictionary of Real Estate Appraisal, Third Edition, 1993
Appraisal Institute

DEFINITIONS (continued)

COMPLETE APPRAISAL -- The act or process of estimating value or an estimate of value performed without invoking the Departure Provision (Uniform Standards of Professional Appraisal Practice, 1996 Edition, Definitions section).

NOTE: To develop this type of appraisal, the appraiser will use all applicable approaches to value and the value conclusion will reflect all known information about the subject property, market conditions, and available data.

SELF-CONTAINED APPRAISAL REPORT -- A written report prepared under Standards Rule 2-2(a) of a Complete or Limited Appraisal performed under Standard 1 (Uniform Standards of Professional Appraisal Practice, 1996 Edition, Definitions section).

NOTE: This may report either a Complete Appraisal (no departure) or a Limited Appraisal (with departure). It contains to the fullest extent possible and practical explanations of the data, reasoning, and analyses that were used to develop the opinion of value. It also includes thorough descriptions of the subject property, the property's locale, the market for the property type, and the appraiser's opinion of highest and best use.

COMMUNITY DATA

The city of Middletown is situated in the northwest section of Middlesex County and abuts the southern border of Hartford County and the western boundary of New Haven County. Middletown is bordered by the towns of Berlin and Cromwell to the north, the city of Meriden to the west, and the towns of Durham and Haddam to the south. The Connecticut River forms the eastern boundary of Middletown.

According to 1990 U.S. Census Bureau figures, Middletown's population increased 9.5% from 39,040 persons in 1980 to 42,762 persons in 1990. This growth is consistent with other towns within the area and is considered strong when compared to the state. Middletown's population comprises approximately one-half of the market area's population and is the hub of the Mid-State Regional Planning Area. This population growth, in conjunction with a low-median age for the city of Middletown, is directly related to an increase of younger families who moved into the Middletown area during the late 1980's.

The city of Middletown provides a variety of employment opportunities including financial services, manufacturing, agriculture as well as government agencies. Connecticut labor force data for July 1997 reported that Middletown had an unemployment rate of 6.4%. It should be noted that Middletown's unemployment rate is higher than the rates for the Hartford labor market area (5.6%) and the state of Connecticut (5.3%).

According to census bureau figures, Middletown's 1989 per capita income was \$17,814. The gain of almost 149% during the previous ten years was slightly more than the 137% gain for the state of Connecticut. The market area projections in 1989 ranked the area equal to the state level per capita income when Connecticut began a multi-year reign into the 1990's as having the highest per capita income of all the states in the country.

Transportation for the city of Middletown is considered excellent. Interstate Route 91, a major north-south thoroughfare through the state of Connecticut and the region traverses the western portion of the city and provides access to the city of Hartford to the north and the city of New Haven to the south. Connecticut Route 9, a limited-access four-lane highway, traverses the city along its eastern portion and provides access to the city of Hartford via Interstate Route 91 to the north and the shoreline, and Interstate Route 95 to the south. Additionally, Connecticut Route 66, a major east-west thoroughfare through the state, traverses the center of the city of Middletown. In addition to these roadways, other Connecticut routes also provide access throughout the town. The city is also serviced by local, regional and public bus transportation.

CONCLUSION

As a whole, Middletown appears to be an area that attracts younger families due to its lower cost structure. Although the city's population has experienced above-average unemployment rates, population growth and income within the city have stabilized within the last few years. It is anticipated that Middletown will continue to grow at a slow pace during the recovery of the entire economy for the region.

NEIGHBORHOOD DESCRIPTION

LOCATION AND BOUNDARY

The subject property is located within the central business district of the city of Middletown. The subject neighborhood could be more specifically defined as the area bordered by Washington Street (Connecticut Route 66) to the north, Main Street to the east, Cross Street to the south and High Street to the west.

NEIGHBORHOOD SEGMENTATION/CONDITION

The subject neighborhood is improved with a variety of commercial and residential properties. Commercial properties within the neighborhood include a variety of small to large single tenant and multi tenant office buildings ranging from Class A to Class C space, restaurants and retail stores. The most predominant retail properties are located along the Main Street and consist of a variety of office and apartment-over-retail properties. Notable properties within the subject neighborhood include the Russell library (Middletown public library), the Middlesex Mutual Assurance Company building, and Wesleyan University, which occupies and owns numerous properties within the subject neighborhood.

Additional properties within the subject neighborhood include religiously owned properties, a variety of single-family and multi family residential dwellings that provide a variety of housing for local residents as well as off-campus housing for Wesleyan University associates and students. Overall, the subject property conforms to the variety of mixed-used properties within the subject neighborhood.

TRANSPORTATION

Transportation to the subject neighborhood is considered good. Washington Street (Connecticut Route 66) is located less than one quarter mile north of the subject property. This thoroughfare provides major east/west access to the city of Middletown. Additionally, Washington Street provides direct access to Connecticut Route 9, approximately one quarter mile northeast of the subject property. The subject property is also located in proximity to Main Street/South Main Street which is a major north/south thoroughfare through the city.

CONCLUSION

The subject property is located in a mixed commercial and residential neighborhood within the city of Middletown's central business district. The subject neighborhood is provided good access to transportation systems and is located in proximity to Wesleyan University and a variety of commercial properties along Main Street. Overall, the subject property is provided adequate visibility and access along Broad Street and conforms to the mixed-use nature of the surrounding neighborhood.

ZONING

The subject property is situated in the B-1, Central Business zoning district. The following information relating to the zoning constraints on the subject property was provided within the zoning regulations manual.

PERMITTED USES

Permitted uses in the B-1 zoning district include the following: offices, banks, entertainment/eating and drinking establishments, hotels and inns, retail sales and services, repairs and services (not to exceed 50% of the total building area), commercial parking lots, commercial schools and arts studios, and other uses as outlined in section 61 of the Middletown zoning regulations. Industrial uses are not allowed within the B-1 zoning classification.

YARD AND BULK REQUIREMENTS

The following are the yard and bulk requirements in this zoning district:

Item	Requirement
Minimum Lot Area	None
Minimum Lot Width	None
Minimum Front Yard	None
Minimum Side Yard	None
Minimum Rear Yard	None
Maximum Building Height	12 stories
Minimum Parking Required for (commercial uses)	One space per 300 square feet of gross building area

After referencing the yard and bulk requirements, it would appear that the subject does not conform to current requirements. Zoning officials for the city of Middletown reported that the existence of the subject improvements and uses along Broad Street predate the zoning requirements for the B-1 zoning district. Therefore, the existence of the subject improvements and current uses are considered to be legally nonconforming uses and no changes are required.

ASSESSMENT AND TAX DATA

All towns and cities within the state of Connecticut require property owners to pay ad valorem taxes each year based upon the value of real estate, motor vehicles, and personal property. Property owners within a community are required to pay taxes as of the ownership of property on October 1 of the prior year.

The city of Middletown underwent revaluation as of the October 1, 1987 Grand List. The following is the Grand List October 1, 1996 assessment and the resulting tax burden for the subject property.

Parcel 1 (130 Broad Street)

Map/Block/Lot	22/17-51/4
Land	\$43,700
Outbuildings	1,100
Buildings	<u>87,200</u>
Gross Assessment	\$132,000
 Tax Rate (district 1)	 28.10 mills
Tax Burden	\$3,709
Tax Burden/Square Foot*	\$0.63

* Gross building area of 5,928 square feet

Parcel 2 (Broad Street rear)

Map/Block/Lot	22/17-51/27
Land	\$45,900
Buildings	<u>104,600</u>
Gross Assessment	\$150,500
 Tax Rate (district 1)	 28.10 mills
Tax Burden	\$4,229
Tax Burden/Square Foot*	\$0.68

* Gross building area of 6,181 square feet

ANALYSIS OF REAL ESTATE TAXES

To analyze the potential effect on the subject marketability as a result of its tax burden, tax information as it pertains to comparative properties has been reviewed. An analysis of available information, including, but not limited to, a review of sales used within this report, indicates that the subject tax burden is similar to competitive facilities. The tax collector indicates that the real estate taxes are current. Copies of the tax bills are included within the Addenda to this report as a portion of Exhibit C.

SITE DESCRIPTION

SITE IDENTIFICATION

Tax Assessor Reference Parcel 1 - 130 Broad Street
Map 22, block 17-51, lot 4

Source of Site Data Parcel 2 - Broad Street (rear)
Map 22, block 17-51, lot 27

Legal description, tax assessor records and a physical inspection of the property

PHYSICAL CHARACTERISTICS

	Parcel 1	Parcel 2
Land area (sq. ft.)	8,000	12,632
Land area (acres)	0.18	0.29
Frontage	50 feet	None
Topography	Sloping	Level
Configuration	Rectangular	Rectangular
Access	Broad Street frontage	Right-of-way easement

Comments Parcel 1 is provided good frontage and visibility along Broad Street with access to the rear of the building provided via a right-of-way easement. Parcel 2 is not provided any frontage along Broad Street and is provided primary access via a right-of-way easement.

SITE IMPROVEMENTS

Parking Parcel 1 is provided undelineated parking in the front and rear portions of the building. Parcel 2 is provided a minimum amount of parking between Buildings 1 and 2. Overall, there are approximately 15 parking spaces.

Landscaping None or minimal

Other The site benefits from storm sewers, concrete sidewalks and curbing, exterior lighting and chainlink fencing.

EASEMENTS/RESTRICTIONS

A right-of-way easement from the Webster Bank property (formerly Shawmut on map) located along Main Street provides access to the rear portion of Parcel 1 and also provides main access to Parcel 2. This perpetual right-of-way easement has been in existence for in excess of 50 years and is not considered to have any adverse impact on the subject property. No other atypical easements have been noted in the land records. However, this office is not a title searching firm, and a more detailed review should be made if the client desires.

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SITE DESCRIPTION (continued)

NUISANCES AND HAZARDS

Inland Wetlands/ Watercourses

A review of the official wetlands and watercourses map indicates that the subject property is not impacted by wetlands.

FLOOD ZONE

Federal Emergency Management Agency Flood Hazards Map

Community panel: 090068 0008 B

Effective date: July 16, 1990

Zone X, area determined to be outside 500-year flood plain

UTILITIES

Sanitary Sewers	Available
Municipal Water	Available
Natural Gas	Available
Electricity	Available
Telephone	Available

EXCESS LAND

None

SITE UTILITY

Parcel 1 is accessed via a curb cut along Broad Street and is provided good frontage and visibility. The second parcel is provided access by a driveway via a right-of-way easement across an adjacent parcel. The physical and functional characteristics of the site appear to be in conformance with the standards of typical purchasers in the marketplace.

CONCLUSION

The subject is situated in a neighborhood of mixed commercial and residential properties and is in conformance with respect to its appearance and condition. The site is provided adequate access and visibility from Broad Street.

BUILDING DESCRIPTION

GENERAL INFORMATION

Source of Building Data Tax assessor records and a physical inspection of the improvements

Sketch Included on the tax assessor card contained within the Addenda of this report as Exhibit C

Use Light industrial with adjacent warehouse/storage space

Buildings/Stories Three/one to two stories

Location	Construction Date	Gross Building Area	Amount/Percent of Finished Office Area
Parcel 1 - Building 1	1945/82	5,928 sq. ft.	432 sq. ft., or 7.3%
Parcel 2 - Building 1	1919	2,604	100 sq. ft., or 3.8%
Parcel 2 - Building 2	1919	3,577	0%
Total		12,109 sq. ft.	532 sq. ft., or 4.4%

Comments Parcel 1 is improved with a two-story building that was constructed with the main improvements bermed into the side of the site. The first floor of the building is at grade in the rear portion of the site and contains approximately 2,400 square feet of gross building area. The second floor of the building at grade along the Broad Street frontage and contains approximately 3,528 square feet of gross building area.

Parcel 2 is improved with two buildings. Building 1 consists of a one-story building over partially unfinished basement. Building 2 consists of a one-story building constructed on concrete slab with a loft area provided in the central portion of the building. Both building areas are based upon main level space only as the basement and loft areas are not considered to be finished usable areas. Overall, the buildings are considered to be in fair to average physical condition.

PARCEL 1 - BUILDING 1

EXTERIOR DESCRIPTION

Foundation Reinforced poured concrete slab

Floors Poured concrete slab provided on both first and second floors of the building

Exterior Walls Concrete block

Wall Heights Nine feet on the first floor and 12 feet on the second floor

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BUILDING DESCRIPTION

EXTERIOR DESCRIPTION (continued)

Roof The building is provided with a flat style roof with a reported composition finish which was replaced within the past five years. The roof is considered to be in good condition with no reported or observed leaks.

INTERIOR DESCRIPTION

Layout/Finish The first floor of the building is provided access from the rear portion of the site. Access to this floor is provided via a single doorway and two eight-foot overhead doors. Each door provides access to a single-bay work area that is separated by a concrete block wall. The remaining portion of the first floor is located underneath a portion of the front of the building and is not provided any direct outside access or windows. This area is primarily used as storage.

The second floor of the building, which is at grade with the Broad Street frontage, includes 432 square feet of finished office area as well as additional production and storage areas. The office space includes wall-to-wall carpeting, painted gypsumboard walls and 2' x 4' acoustical tile ceilings. The remaining portion of the first floor is finished with concrete flooring, exposed concrete block walls and an exposed wood-frame ceiling. The second floor level is also provided with two 8-foot overhead doors with loading dock areas along the north side of the improvements, which can be accessed via the Broad Street frontage.

EQUIPMENT AND MECHANICAL SYSTEMS

HVAC A central gas-fired HVAC unit provides central heating and cooling to the finished office area of the building. The remaining portion of the second floor and the entire first floor is provided heating via gas-fired suspended heating units. No air conditioning is provided for any areas within the building except for within the finished office area. A single electric domestic hot water heater provides hot water for the building.

Fire Protection/
Security The building is provided with a central alarm system

Electric The building is provided with 200-amp, three-phase electrical service that has a single meter.

Elevator None

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BUILDING DESCRIPTION

PARCEL 2 - BUILDING 1

EXTERIOR DESCRIPTION

Foundation	Poured reinforced concrete and stone
Floors	Wood-frame with wood plank flooring
Exterior Walls	Concrete block
Wall Heights	10 feet
Roof	Flat style roof with a reported built-up composition finish that was reportedly replaced within the past five years. The roof is considered to be in good condition with no reported or observed leaks.

INTERIOR DESCRIPTION

Layout/Finish	The building is provided main access along the south side of the improvements. The interior portion of the building remains relatively unfinished and is primarily used as warehouse/storage space. There are limited amounts of demised walls with most of the main level consisting of open space. The subject property owner currently uses this building for storage of plumbing supplies associated with a contracting business.
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EQUIPMENT AND MECHANICAL SYSTEMS

HVAC	Heating and cooling is currently not provided for the building. Heating was previously provided via steam heat utilizing freestanding cast-iron radiators.
Fire Protection/ Security	None
Electric	Adequate with the electrical service having a single meter
Elevator	None

PARCEL 2 - BUILDING 2

EXTERIOR DESCRIPTION

Foundation	Poured reinforced concrete slab
Floors	Concrete slab on the first floor with the loft area provided with wood flooring

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BUILDING DESCRIPTION

EXTERIOR DESCRIPTION (continued)

Exterior Walls	Wood-frame with a brick exterior
Wall Heights	10 to 15 feet
Roof	A wood frame gambrel style roof with asphalt shingle finish. The roof was reported to in average physical condition with no reported or observed leaks.

INTERIOR DESCRIPTION

Layout/Finish	Main access to the building is provided via a single 10-foot overhead door located on the east side of the improvements. The interior of the improvements does not contain any interior demised walls with the space relatively open. A single wood-frame staircase provides access to a small loft area located in the central portion of the building. The subject property owner currently uses this space for warehouse/storage as well as the housing of vehicles associated with this business.
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EQUIPMENT AND MECHANICAL SYSTEMS

HVAC	This building is not provided with any heating or cooling systems.
Fire Protection/ Security	None
Electric	Adequate, single-phase electrical service
Elevator	None

FUNCTIONAL UTILITY

The preceding analysis discussed the various components of the subject improvement including the overall design and layout, as well as the quality and condition of the interior finish. An analysis of the subject market and other markets similar to the subject has indicated that the subject design for light industrial with associated warehouse/storage space use is considered adequate. The three buildings are located in proximity to one another with the overall various levels of finish and functional utility considered adequate for this type of use.

BUILDING DESCRIPTION (continued)

CONCLUSION

The subject property is improved with three buildings located on two separate tax parcels. The single building located on Parcel 1 consists of a two-story light industrial building with an adequate amount of finished office area that is provided with adequate heating and cooling systems. The two buildings located on Parcel 2 are generally used as warehouse/storage space and are not provided with the same level of finish or heating and cooling systems as the building located on Parcel 1. These two buildings, however, do provide adequate support as warehouse/storage space for the light industrial use provided on Parcel 1. Overall, the improvements are considered to be in fair to average condition.

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HIGHEST AND BEST USE

Highest and best use is defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

Source: The Dictionary of Real Estate Appraisal
Third Edition, 1993; Appraisal Institute

Real estate is valued in accordance with its highest and best use. Proper analysis of highest and best use of the subject property includes estimating the highest and best use of the subject site as though vacant and available to be developed to its highest and best use and of the site as improved.

The purpose of estimating the highest and best use of a site is to identify the use that causes the land to have the greatest value. The highest and best use of the site as though vacant identifies a separate land value used within the Cost Approach and identifies comparable properties. Likewise, determination of the highest and best use of a property as improved helps to identify the use of the property that is expected to produce the maximum overall return and to help in identifying comparable improved properties:

In estimating the highest and best use of the site as though vacant and as improved, the following four criteria must be addressed:

Legally Permissible: Legally permissible uses include those uses that may be legally permitted on the site. Private deed restrictions, zoning constraints, building codes, environmental and governmental regulations, historical district controls, and other related factors must be given consideration. It is probable that any one of these factors may preclude a potential highest and best use conclusion.

Physically Possible: Consideration of physically possible uses includes the analysis of those uses for which the site is physically suited. Relevant characteristics in determining the highest and best use of the site as though vacant include size, shape, road frontage, terrain, area, depth, capacity and availability of utilities, topography and subsoil conditions. The conclusion of the highest and best use of the site as improved also depends on physical characteristics such as size, design, and condition of the structural improvements.

Financially Feasible: These uses include all physically possible and legally permissible uses that are analyzed to determine which will produce an income or return equal to, or greater than, the amount needed to satisfy capital amortization, financial obligations, and operating expenses. If the returns are positive, the uses are considered financially feasible.

Maximally Productive: The financially feasible use that produces the highest value given market parameters is the highest and best use of the property.

HIGHEST AND BEST USE (continued)

SUBJECT PROPERTY AS THOUGH VACANT

The highest and best use of land or a site as though vacant is defined as:

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. (The Dictionary of Real Estate Appraisal, Third Edition, 1993, Appraisal Institute)

The subject property consists of two noncontiguous parcels of land containing 0.18 acres and 0.29 acres, respectively. Parcel 1 is provided direct frontage along Broad Street with Parcel 2 not provided with visibility along Broad Street but provided access via a right-of-way driveway easement. An analysis of site characteristics and nearby improvements indicate that the subject could adequately support physical development.

The subject site is situated within the B-1 zoning classification and appears to be in legal non conformance with yard and bulk requirements and changes are not required. Properties within the neighborhood consist primarily of commercial office and retail uses as well as single and multifamily residential uses.

Based upon an analysis of the preceding information, including demographics, neighborhood trends, zoning regulations, subject site characteristics and other factors, commercial development of Parcel 1 with Parcel 2 utilized as a supportive parking area would be the highest and best use of the site as though vacant. This use would produce the greatest return to the subject land and satisfies the four criteria of highest and best use.

SUBJECT PROPERTY AS IMPROVED

The highest and best use of property as improved is defined as:

The use that should be made of a property as it exists. An existing property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one. (The Dictionary of Real Estate Appraisal, Third Edition, 1993, Appraisal Institute)

The subject property is improved with three noncontiguous buildings containing a total of 12,109 gross square feet of building area. The improvements were constructed between 1919 and 1945 (renovated in 1982) and are considered to be in overall fair to average condition. The single building located on Parcel 1 is provided with an overall average level of finish and adequate mechanical systems including heating and air conditioning. The two buildings located on Parcel 2 are provided with a limited overall level of finish and a limited amount of mechanical systems. These buildings are primarily used as cold storage/warehouse space.

HIGHEST AND BEST USE (continued)

The subject property is located in the B-1 zoning district that permits a variety of uses. The analysis of planning and zoning and other legal regulations indicates that the existing use and development of the site is somewhat atypical within this market. The development of the subject property predates current zoning classifications with most of the surrounding uses consisting of multitenant office and retail properties as well as single-family and multifamily residential uses.

Analysis of the subject market area as well as the individual characteristics of the subject property indicates that the three buildings located on noncontiguous parcels provide a synergistic use for a single potential user. Analysis of the subject market area including comparable sale properties and rental properties indicates that the single building located along Parcel 1 provides a good location for supportive office use and operations area for a light industrial user or a similar user (i.e., construction contractor, etc.). In addition to use of this building, the remaining two buildings on Parcel 2 of the subject property would serve as a good supportive warehouse/storage area for materials, vehicles and similar types of equipment that are required for light industrial and construction uses.

Based upon an analysis of the preceding information and giving primary consideration to the existing improvements, continuation of the light industrial use with supportive warehouse/storage space use would be the highest and best use of the property as presently improved.

INTRODUCTION TO VALUATION

In the process of estimating the market value of a property, the appraisal problem is defined; the scope of the assignment is developed and the work needed to solve the problem is determined; and the necessary data are gathered, analyzed and used in presenting a value conclusion. The appraiser develops the approaches to value considered applicable, either the Cost, Sales Comparison or Income Capitalization. The final step in the valuation process includes reconciling value indications from the applicable approaches. The following is a description of the three approaches to value.

COST APPROACH -- A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of, or replacement for, the existing structure; deducting accrued depreciation from the reproduction or replacement cost; and adding the estimated land value plus an entrepreneurial profit. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

SALES COMPARISON APPROACH -- A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when comparable sales data are available.

INCOME CAPITALIZATION APPROACH -- A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefit (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

Source: The Dictionary of Real Estate Appraisal
Third Edition, 1993; Appraisal Institute

INTRODUCTION TO VALUATION (continued)

The Cost Approach to Value is a reliable indicator of property value when properties are of new or relatively new construction, proposed construction, or for special purpose properties and other properties that are not frequently exchanged in the market. This approach is also very reliable when land value is well supported and the improvements represent the highest and best use of the property as though vacant. The Cost Approach to Value involves estimating the land value and replacement cost new of all improvements and deducting accrued depreciation.

The Cost Approach is limited in providing a value estimate of the subject for several reasons. External obsolescence given changes in market conditions since the construction date requires significant adjustment. The replacement cost new significantly exceeds the current market value of the property, as developed through the Sales Comparison Approach and/or the Income Capitalization Approach to value. The difference between value and replacement cost is mostly attributed to accrued depreciation, typically external obsolescence. While an estimate of this obsolescence may be done, extraction from the market is not typically possible, thus resulting in large insupportable adjustment. Additionally, market participants do not consider the replacement cost of rental properties in their purchase criteria. Given the large adjustments and the inappropriateness of the valuation technique, the Cost Approach has not been included in this report.

The Sales Comparison Approach includes gathering information pertaining to recent sales of properties considered similar to the subject. These sales are analyzed and compared to the subject with adjustments made for differences between the sale and the subject property. The reliability of the Sales Comparison Approach is affected by the adequacy of reliable sale transactions.

The Sales Comparison Approach has been developed within this report in estimating the value of the subject improved property. The subject market has been fairly active through the date of valuation with a number of comparable transactions. These sales have been researched and, after adjustment, provide a reasonable estimate of market value for the subject property.

The Income Capitalization Approach is a process by which anticipated future benefits (periodic cash flows) and capital appreciation are discounted to a present value estimate. Income-producing real estate is typically purchased as an investment by a speculative investor or partial owner-occupant.

The Income Capitalization Approach has been developed within this report. Sufficient market data pertaining to rental rates, vacancy and collection loss, and operating expenses are available to develop a reliable estimate of net operating income for the subject property. The form of income capitalization used within this report involves direct capitalization of a stabilized operating statement.

Reconciliation is required, since the value conclusions derived from the approaches typically provide a value range. The reconciliation process takes into consideration the appropriateness, accuracy, and quantity of market data available within each valuation approach. The greatest consideration in the derivation of a final value estimate is placed on the approach or approaches that provide the most convincing indicator of market value.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the concept that an informed purchaser would pay no more for a property than the cost of acquiring a comparable property with similar utility. Given these parameters, a diligent search has been conducted by the appraiser to uncover sales of properties considered comparable to the subject. The detailed sale data are included within this section of the report.

The sale data are compared to the subject, and adjustments are made for either superior or inferior characteristics. The adjustment process includes adjustments for property rights conveyed, conditions of sale, financing terms, market conditions (time), location, and other physical and economic characteristics of the sale properties. The adjusted sale prices reveal a range of value that can be reconciled into a final indication of market value for the subject via this approach.

The primary unit of comparison within this analysis is sale price per square foot. This unit of comparison is considered standard in the valuation of properties such as the subject and is considered the norm by market participants.

The following pages contain detailed descriptions of each sale, the analysis of the sale data, and the final indication of market value via the Sales Comparison Approach.

SALES COMPARISON APPROACH (continued)

MARKET SALE 1



MS Number	1322
Location	50 Silver Street, Middletown, Connecticut
Grantor	Peter Sanzo
Grantee	KPMA, LLC
Date of Sale	October 31, 1996
Reference	Volume 1110, Page 735; Quitclaim Deed
Sale Price	\$200,000
Verification	Grantee

Land Data

Tax Parcel	Map 34, Block 24-27, Lot 1
Area	0.93 acres, or 40,511 square feet
Frontage	Approximately 165.5 feet along the south side of Silver Street and 296 feet along the east side of Frissell Terrace
Zone	TD
Utilities	Public water, sanitary sewers, electricity, telephone service and natural gas
Topography	Generally flat with an excavated sloped area providing drive-up basement level access along the east side of the building
Configuration	Rectangular
Parking	Undelineated paved parking areas
Comments	The site is provided parking areas in the front and rear portions of the building. The parking areas, outbuilding and other site improvements are in poor to fair condition.

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SALES COMPARISON APPROACH

MARKET SALE 1 (continued)

Building

Use	Light industrial
Building/Stories	One/one over full partially finished basement level
Construction Type	Wood-frame with a brick exterior
Construction Date	1923
Gross Building Area	9,604 square feet above grade and 9,604 square feet of basement area
HVAC	Minimal heat provided on the first floor level of the improvements
Sprinklers	None
Roof	Flat and pitched style with a composition and tar/gravel finish
Elevator	None
General	Three overhead doors are located along the eastern perimeter of the building which provide direct access to the basement level of the improvements. The main level of the building was reported to be in poor condition and generally unusable.

Financing

Mortgagee	Fleet National Bank
Principal	\$160,000
Loan to Value	80%
Amortization	20 years
Interest Rate	9.26%
Payments	\$1,479.79
Maturity Date	October 31, 2006
Comments	Financing is considered conventional and reflective of market levels.

Financial Characteristics

Occupancy	100% owner occupied
Real Estate Taxes	\$0.42 per square foot

SALES COMPARISON APPROACH

MARKET SALE 1 (continued)

General Comments

The grantee reported that the property was openly marketed and is considered an arm's-length transaction. The property was vacant for an extended period of time prior to the purchase and was reported to have been in fair to average condition. The grantee reported that the first floor level of the building is in poor condition and is not available for occupancy. The property was purchased to house the grantee's business, Compressor Maintenance Service, in the basement portion of the building with a small portion of the first floor used for miscellaneous storage. Overall, the grantee purchased the property for approximately 9,604 square feet of usable space. The grantee completed approximately \$10,000 in renovations for repairs of the three overhead doors, fitout of finished office area, electrical upgrading and installation of heating units.

Sale Price/Square Foot of Gross Building Area (based on 9,604 square feet of usable area)	\$20.82
Land:Building Ratio (based on 9,604 square feet of usable area)	4.2:1

SALES COMPARISON APPROACH (continued)

MARKET SALE 2



MS Number	1315
Location	145-149 Burnham Street, Berlin, Connecticut
Grantor	Simeone Property Company, Inc.
Grantee	RCH Realty Associates, LLC
Date of Sale	October 31, 1996
Reference	Volume 387, Page 218; Warranty Deed
Sale Price	\$175,000
Verification	Robert Hilton (Nauta Roll Corporation)

Land Data

Tax Parcel	Map 9-4, Block 80, Lot 13A
Area	0.72 acres, or 31,363 square feet
Frontage	Approximately 263.0 feet along the west side of Burnham Street
Zone	CCD-2
Utilities	Public water, sanitary sewers, electricity, telephone service and natural gas
Topography	Level
Configuration	Irregular
Parking	Paved and gravel, undelineated parking areas provided
Comments	The site is irregularly shaped and is located along a peripheral street in proximity to Mill Street (Connecticut Route 572).

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SALES COMPARISON APPROACH

MARKET SALE 2 (continued)

Building

Use	Light industrial
Building/Stories	Two/one
Construction Type	Concrete block
Construction Date	1949/58
Gross Building Area	
Building 1	2,590 square feet
Building 2	<u>5,792</u> square feet
Total	8,382 square feet
% of Finished Office Area	3.0%
HVAC	Central heat; no air conditioning
Sprinklers	None
Roof	Flat and gable style
Elevator	None
General	The property consists of two older industrial style buildings that are in fair to average condition. The rear building is provided with four overhead doors.

Financing

Mortgagee	Business Lenders, Inc.
Principal	\$175,000
Loan to Value	100%
Amortization	25 years
Interest Rate	11% initial rate; varies monthly at prime plus 2.75%
Payments	\$1,715.20
Maturity Date	October 31, 2022
Comments	SBA loan was provided for the acquisition. The grantee and lender reported that the financing was provided at market levels based upon a third party appraisal of \$210,000.

Financial Characteristics

Occupancy	Purchased for partial owner occupancy
Real Estate Taxes	\$0.58 per square foot of gross building area

General Comments

The grantee reported that the purchase price was openly negotiated and is considered an arm's-length transaction. The property was purchased so that the grantee could house his business (Nauta Roll Corporation) in the rear building.

Sale Price/Square Foot of Gross Building Area	\$20.88
Land:Building Ratio	3.7:1

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SALES COMPARISON APPROACH (continued)

MARKET SALE 3



MS Number	1316
Location	230 Berlin Street, East Berlin, Connecticut
Grantor	The Napier Company
Grantee	EB Enterprises, LLC
Date of Sale	January 3, 1996
Reference	Volume 378, Page 673; Warranty Deed
Sale Price	\$235,000
Verification	Grantee

Land Data

Tax Parcel	Map 17-1, Block 145, Lot 4
Area	1.01 acres, or 43,995 square feet
Frontage	Along the south side of Berlin Street and west side of Wilcox Street
Zone	GI
Utilities	Public water, sanitary sewers, electricity, telephone service and natural gas
Topography	Sloping
Configuration	Rectangular
Parking	10 spaces plus an undelineated gravel parking area
Comments	The site is located within a residential neighborhood in proximity to Mill Street (Connecticut Route 372). The site has a sloping topography with the existing improvements bermed into the side of the site.

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SALES COMPARISON APPROACH

MARKET SALE 3 (continued)

Building

Use	Light industrial
Building/Stories	One/one to three including a lower level area that is primarily below grade
Construction Type	Wood-frame and brick with a brick exterior
Construction Date	1930
Gross Building Area	11,250 square feet including finished lower level area
% of Finished Office Area	1,125 square feet, or 10%
HVAC	Natural gas fired central heating and cooling for most of the building
Sprinklers	Full, wet system
Roof	Gable style with an asphalt shingle finish
Elevator	None
General	The property was reported to have been in fair to average condition at the time of transfer. The building is provided with one overhead door in the rear portion of the building that can be accessed from the Berlin Street frontage.

Financing

Mortgagee	Fleet Bank
Principal	\$185,000
Loan to Value	79%
Amortization	20 years
Interest Rate	8.95% initial; varies after five years at the Fleet five-year equal payment business loan rate plus 2.75%
Payments	\$1,658.55
Maturity Date	January 31, 2006
Comments	Conventional financing at market levels

Financial Characteristics

Occupancy	Property purchased for partial owner occupancy (DeBurring Homes, Inc.)
Real Estate Taxes	\$0.44 per square foot of gross building area

General Comments

Tenants in the building include the Berlin Citizen, Acu-Cut & EB Enterprises/DeBurring Homes, Inc. The property was reported to have been openly marketed and is considered an arm's-length transaction.

Sale Price/Square Foot of Gross Building Area	\$20.89
Land:Building Ratio	3.9:1

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SALES COMPARISON APPROACH (continued)

MARKET SALE 4



MS Number	1317
Location	227 Shunpike Road, Cromwell, Connecticut
Grantor	GTT Corporation as a trustee of Oregon Properties Realty Trust
Grantee	Shunpike Road, LLC
Date of Sale	December 20, 1995
Reference	Volume 597, Page 252; Quitclaim Deed
Sale Price	\$210,000
Verification	Grantee

Land Data

Tax Parcel	Map 25, Block 10, Lot 7B
Area	0.90 acres, or 39,204 square feet
Frontage	Approximately 100.00 feet along the north side of Shunpike Road
Zone	I, Industrial
Utilities	Public water, sanitary sewers, electricity, telephone service and natural gas
Topography	Generally level
Configuration	Rectangular
Parking	Four spaces in the front of the building with an open dirt area providing additional parking in the rear.
Comments	The site is rectangularly shaped and is provided good frontage along Shunpike Road (Connecticut Route 3).

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SALES COMPARISON APPROACH

MARKET SALE 4 (continued)

Building

Use	Light industrial
Building/Stories	One/one on slab
Construction Type	Concrete block, with areas of vertical wood siding
Construction Date	1962
Gross Building Area	8,880 square feet
% of Finished Office Area	37% (per assessor)
HVAC	Natural gas fired central heating and air conditioning
Sprinklers	None
Roof	Flat style with a built up composition finish
Elevator	Building is provided with 12-foot wall heights
General	The improvements were in fair/average condition at the time of transfer. Two overhead doors are provided in the rear portion of the building.

Financing None; all cash transaction

Financial Characteristics

Occupancy	100% owner-occupied
Real Estate Taxes	\$0.81 per square foot of gross building area

General Comments

The property was sold by the grantor subsequent to foreclosure in November 1995. The grantee purchased the property to house his company, Pinney Construction. The property was reported to have been openly marketed and is considered an arm's-length transaction. The grantee indicated that due to the motivations of the grantor, the sale price was slightly below market as the original negotiated price was reduced from \$220,000. Therefore, an upward adjustment for conditions of sale is required.

Sale Price/Square Foot of Gross Building Area	\$23.65
Land:Building Ratio	4.4:1

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SALES COMPARISON APPROACH (continued)

ANALYSIS OF SALE DATA/EXPLANATION OF ADJUSTMENTS

The following analysis summarizes the adjustment process.

Real Property Rights Conveyed

Adjustments for real property rights conveyed consider the difference between properties leased at market rent and those leased either below or above market levels. This adjustment is tempered by remaining lease terms. The fee simple estate of the subject is being valued, similar to the transferred estates of the sales. Therefore, no adjustment is warranted.

Financing Terms

The transaction price of one property may differ from another identical property, given favorable or unfavorable financing arrangements. For example, lower interest rates or higher loan-to-value ratios that are readily available for competing properties may affect the price a willing market participant may pay for a property.

Market Sales 1 through 4 were acquired on an all cash basis or with financing considered to be reflective of market levels. No adjustment is required.

Conditions of Sale

Conditions of sale adjustments typically reflect the motivations of either a buyer or seller. Examples of purchaser sale motivations that would affect a price include assemblage or plottage that would increase the utility of the site for a purchaser. Conversely, a seller who is in a hurry to obtain cash may sell at a discount. In either of the foregoing or similar cases, a sale must be used as a comparable only after extensive verification and analysis.

Market Sales 1, 2 and 3 were openly marketed with neither the grantee nor grantor reporting extraneous motivations associated with the transfers. As these sales are considered to be arm's-length transactions, no adjustments are required. The grantee for Market Sale 4 reported that the price paid for the property was slightly below market levels due to motivations of the grantor to sell the property in a short time frame. Therefore, an upward adjustment is required for Market Sale 4.

Market Conditions

Different market conditions at the time of sale typically require adjustment. Subsequent to the date of sale, values may have either appreciated or depreciated due to inflation/deflation, or investors' perceptions of market conditions may have changed. This adjustment is typically referred to as a time adjustment, although time itself is not the cause of the adjustment.

Market Sales 1 through 4 transferred within the past two years under similar market conditions for light industrial/warehouse properties. No adjustment is required.

SALES COMPARISON APPROACH

ANALYSIS OF SALE DATA/EXPLANATION OF ADJUSTMENTS (continued)

Location

Locational adjustments are required typically when the location of a sale property is different from that of the subject. Even properties within the same neighborhood can typically have different locational attributes that are either favorable or unfavorable. The subject location along the east side of Broad Street provides the subject with average neighborhood accessibility.

Market Sale 1 is located within a predominantly residential neighborhood in proximity to Connecticut Route 9. The overall location of Market Sale 1 for a light industrial use is considered to be inferior to the subject. Therefore, an upward adjustment is required. Market Sales 2 and 3 are located in similar mixed-use neighborhoods that have average neighborhood accessibility and visibility. No adjustments are required. Market Sale 4 is located along Connecticut Route 3 in proximity to the Rocky Hill town line. The overall traffic volume, visibility and access to interstate transportation systems is superior to the subject property. A downward adjustment is required for Market Sale 4.

Physical Characteristics

Physical differences between the subject and sale comparables are typically adjusted when the differences are considered significant. This adjustment category typically includes differences in size of building, age/condition, utilities, functional utility and percentage of finished office area.

Size of Building -- The sale properties range in size from approximately 8,382 square feet to 11,250 square feet. The overall sizes of Market Sales 1 through 4 are similar to the subject and would attract the same level of owner-occupant/user. No adjustment is required.

Age/Condition -- The subject property was constructed between 1919 and 1947 with the building on Parcel 1 renovated in 1982 and is considered to be in fair to average condition.

Market Sale 1 was in fair condition at the time of transfer and required approximately \$10,000 in renovations/additions prior to occupancy by the grantee. As the overall age/condition of Market Sale 1 is inferior to the subject, an upward adjustment is required. Market Sales 2 through 4 were in fair to average condition at the time of transfer and are considered to be similar to the subject property. No adjustment is required.

Utilities -- The subject property is provided full utilities including heat, electricity, water and sewer and partial air conditioning in the single building on Parcel 1. The two buildings located on Parcel 2 are provided with limited utilities which are inferior to Building 1. 2

Market Sale 1 was provided with limited utilities at the time of transfer which is considered to be similar to the subject. No adjustment is required. Market Sales 2 through 4 were provided with full utilities including heat and electricity, which is considered to be superior to the overall level of utilities provided throughout the subject property. A downward adjustment is required for Market Sales 2 through 4.

SALES COMPARISON APPROACH

ANALYSIS OF SALE DATA/EXPLANATION OF ADJUSTMENTS

Physical Characteristics (continued)

Functional Utility - The subject property is located within three noncontiguous buildings which somewhat limits the overall functional utility of the subject property under a single use. Market Sales 1 and 4 consist of space located primarily on a single level within a single building. Additionally, Market Sale 1 has minimal use of the main level of the building as cold storage area which has not been included within the usable area of the building. The overall functional utility of Market Sales 1 and 4 are considered to be superior to the subject. Therefore, a downward is required. Market Sale 2 consists of a multi building property that has a similar functional utility in comparison to the subject. No adjustment is required. Market Sale 3 consists of a single building with space located on three separate floors. The overall access and functional utility of this space is considered to be similar to the subject with no adjustment required.

Percentage of Finished Office Area - The subject property is provided with approximately 532 square feet of finished office area which equates to 4.4% of the entire gross building area.

Market Sale 1 did not include any finished office area at the time of transfer with finished office space built-out subsequent to the purchase of the property. As the overall level of finished office space is considered to be inferior to the subject, an upward adjustment is required. Market Sales 2 and 4 had similar levels of finished office area in comparison to the subject. No adjustment is required. Market Sale 4 had an excess of one third of the entire gross building area consisting of finished office area. As the overall amount of finished office area is superior to the subject property, a downward adjustment is required.

Physical Characteristics -- Conclusion -- Overall adjustments for physical characteristics as previously discussed are individually represented on the adjustment grid. An adjustment is made to each sale based upon the previously discussed categories.

Economic Characteristics

Economic characteristics include adjustment for factors associated with attributes of sale properties that affect net operating income. These adjustments typically apply to items such as operating expenses and occupancy levels. The characteristics considered for adjustment within this category include real estate taxes and occupancy levels.

Real Estate Taxes -- The real estate tax impact in comparison to the subject must be considered for the comparables. As discussed within the Assessment and Tax Data section of this report, the subject property is considered to be adequately taxed based upon comparison with competitive properties. Real estate taxes at the sale properties appear to be reflective of assessor-prepared market value estimates. No adjustments are required.

Occupancy - Market Sales 1 through 4 were purchased for either 100% or partial owner-occupancy which is considered to be similar to the highest and best use of the subject property. No adjustment is required.

SALES COMPARISON APPROACH (continued)

SUMMARY OF ADJUSTMENTS

On the facing page is a summary of the adjustment process conducted on the prior pages. This adjustment process provides an indication of the direction and intensity of the adjustments made from the different elements of comparison. Cumulative adjustments reflect a change in the base price after each adjustment. For example, the price per unit is adjusted first for property rights conveyed. The adjusted price is then adjusted for financing terms. This process continues for the remaining cumulative elements of comparison.

Quantitative adjustments are estimated separately and summed into a final total adjustment. These adjustments are then extracted from external sources and are compared individually to the subject.

CONCLUSION

After considering the valuation of the subject property via the Sales Comparison Approach, a reasonable market value of the subject property can be determined. The subject property has the following market value range:

Then:	12,109 sq. ft. @ \$19.84/sq. ft.	=	\$240,243
	12,109 sq. ft. @ \$20.82/sq. ft.	=	\$252,109

Value Estimate via the Sales Comparison Approach
\$245,000

INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach is a valuation technique through which anticipated benefits attributable to real estate are converted to a present value indication. The estimate of market value of the subject property by the Income Capitalization Approach is conducted through direct capitalization of a stabilized operating statement. The following is a summary of the steps taken in this process.

- Market rent and terms are projected for the subject property after adjusting market-derived units of comparison for rentals of similar properties.
- Pro forma expense levels are estimated.
- A stabilized operating statement yielding net operating income is developed based upon estimates of market rent and expenses.
- Lender and investor parameters are extracted from the market and incorporated into the capitalization process.
- An appropriate capitalization rate is estimated.
- Net operating income is divided by the selected capitalization rate to arrive at an indication of market value.

ESTIMATION OF MARKET RENT AND POTENTIAL RENTAL INCOME

In deriving an estimate of potential market rent for the subject property, the appraiser has made a diligent search to find lease information considered comparable to the subject. Details of the survey are included on the facing page.

All of the comparable rentals with the exception of Rental 3 are located within the city of Middletown. Rental 3 is located directly across the Connecticut River within the town of Portland.

Rental 1 consists of warehouse/storage space within the northend of Middletown. The comparable lease is structured on a fully gross basis although the rented space does not include any heat, air conditioning or hot water for utilities as the space is considered to be cold storage. An upward adjustment is required for Rental 1 due to the lack of finished office area and the lack of available utilities. This adjustment, however, is tempered by the smaller size of the tenant which would typically achieve a higher rental rate per square foot in the market compared to the larger subject space.

Rentals 2, 4, and 5 are located within a multi-tenant industrial property located within a predominantly residential neighborhood. Leases range in size from 2,000 to 3,000 square feet with overall rates ranging from \$3.60 to \$4.40 per square foot on a gross plus utility basis. The difference in rental rates between the three tenants is based upon location within the property, the overall level of finish and use of each respective space. The varying rental rates are considered to be reasonable and comparable to the subject property based upon the three different subject buildings and their overall level of utility and condition.

Rental 3 consists of storage space within a multi-tenant industrial building that is located in a mixed-use industrial/residential neighborhood beneath the Arrigoni Bridge. The space is considered to be inferior to the subject as it does not include any finished office area and is located in a property that is considered to be in inferior condition to the subject property.

ITALIA & LEMP, INC.

INCOME CAPITALIZATION APPROACH

ESTIMATION OF MARKET RENT AND POTENTIAL RENTAL INCOME (continued)

Rental 6 consists of space within a former industrial manufacturing building within the northern portion of the city of Middletown. The space is primarily used for warehouse/storage area and is provided with a limited overall level of finish in comparison to the subject. Additionally, the overall location is considered to be inferior to the subject property. An upward adjustment is required to comparable Rental 6.

Subsequent to reviewing comparable market leases for similar space, the subject property is estimated to have a market rent and potential rental income as follows:

12,109 sq. ft. of gross building area @ \$3.50/sq. ft. (gross plus utilities) = \$42,382 per annum

ANALYSIS OF SUBJECT LEASE ENCUMBRANCES

A portion of the single building located on Parcel 1 currently is being leased on a month-to-month basis to the Middlesex Mutual Assurance Company (\$1,000) and the Odd Fellows Playhouse (\$100). The subject owner reported that there are no formal copies of leases for either tenant. Total monthly rent for both tenants on a gross basis currently equates to \$1,100 per month. The subject property owner reported that this is only for a portion of the space with the rented areas used primarily for cold storage.

The two building located on Parcel 2 are currently owner-occupied. Based upon this analysis, the comparable leases previously presented and the concluded market rental rate and potential gross income are considered appropriate for the subject property.

VACANCY AND CREDIT LOSS

In accordance with the highest and best use assumption of single tenant owner-occupancy, a vacancy and credit loss factor of 5% is considered appropriate.

ESTIMATION OF PRO FORMA OPERATING EXPENSES

Operating expense information for the subject property was not provided by the property owners. The market was researched for comparable properties to estimate a pro forma operating expense statement for the subject property. The table below provides a breakdown of the probable expenses attributed to this property.

Expense	Amount	Amount/ SF/Unit*
Real estate taxes	\$7,938	\$0.66
Insurance	1,211	0.10
Management	1,816	0.15
CAM	3,027	0.25
Reserves	<u>1,211</u>	<u>0.10</u>
Total	\$15,203	\$1.26
* Gross building area of 12,109 square feet		

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INCOME CAPITALIZATION APPROACH (continued)

SELECTION OF APPROPRIATE CAPITALIZATION RATE

The selection of the overall capitalization rate is influenced by many variables, including prospects for changes in property value, availability of financing, anticipated levels of risk, prospective rates of return on alternative investments such as stocks and bonds, and other variables.

Properties such as the subject are typically purchased with a combination of debt and equity. Therefore, it is necessary that the overall capitalization rate satisfies the market return requirements of both investment positions. Lenders must anticipate receiving competitive interest rates commensurate with the perceived risk of the investment or funds will not be made available. Similarly, an equity investor must anticipate receiving a competitive equity return commensurate with the perceived risk, or funds will be allocated to alternative investments.

If adequate data to derive an overall capitalization rate are available, rates can be extracted by dividing the net operating income of each sale property by its sale price. Deriving rates from comparable sales is the preferred technique when income and expenses of the subject property and comparable properties are estimated on the same basis, and market expectations and conditions for all of the properties are similar.

The band of investment technique is also used to derive overall capitalization rates when adequate market data are not available. The band of investment technique is an appropriate rate development technique, because most properties are purchased with a combination of debt and equity, and the technique takes into account the market return requirements of both investment positions.

The band of investment is used in deriving an overall capitalization rate in this report. This rate is a composite rate weighted in proportion to the total property investment represented by debt and equity. The formula for calculating the overall rate is as follows:

$$\begin{array}{lcl} \text{Mortgage component:} & M \times R_m & = \quad \% \\ \text{Equity component:} & \frac{(1-M) \times R_e}{R_o} & = \quad \% \\ & R_o & = \quad \% \end{array}$$

M = loan to value ratio
R_m = mortgage constant
R_e = equity dividend rate
R_o = overall capitalization rate

Institutional lending parameters and equity rates required include:

Loan-to-value ratio:	75%
Fixed interest rate for term:	9.5%
Amortization:	25 years
Annual mortgage constant:	.1048
Equity dividend rate	13%

The band of investment overall capitalization rate is derived as follows:

Mortgage component:	.75 x .1048	=	.0786
Equity component:	.25 x .1300	=	.0325
Overall Capitalization Rate:			.1111

Overall Capitalization Rate (Rounded)11%

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INCOME CAPITALIZATION APPROACH (continued)

CAPITALIZATION PROCESS

Direct capitalization is a process of converting a single year's income expectancy by an appropriate income rate into an estimate of value.

Below is a one-year stabilized income and expense statement based upon the income and expense assumptions outlined in this text and the estimate of market value for the subject property.

PRO FORMA INCOME AND EXPENSE STATEMENT AND VALUATION	
Potential gross income	\$42,382
Vacancy and credit loss (5%)	<u>(2,119)</u>
Effective gross income	\$40,263
 Total Expenses	 \$15,203
Pro forma net operating income	<u>\$25,060</u>
Overall capitalization rate	11 %
 Estimated Market Value	 \$227,818
Rounded to	\$230,000

Value Estimate via the Income Capitalization Approach
\$230,000

RECONCILIATION AND FINAL VALUE ESTIMATE

Cost Approach.....	Not applicable
Sales Comparison Approach.....	\$245,000
Income Capitalization Approach	\$230,000

The Cost Approach is limited in providing a value estimate of the subject for several reasons. External obsolescence given changes in market conditions since the construction date requires significant adjustment. The replacement cost new significantly exceeds the current market value of the property, as developed through the Sales Comparison Approach and/or the Income Capitalization Approach to value. The difference between value and replacement cost is mostly attributed to accrued depreciation, typically external obsolescence. While an estimate of this obsolescence may be done, extraction from the market is not typically possible, thus resulting in large insupportable adjustment. Additionally, market participants do not consider the replacement cost of rental properties in their purchase criteria. Given the large adjustments and the inappropriateness of the valuation technique, the Cost Approach has not been included in this report.

The Sales Comparison Approach is a reliable indicator of market value when adequate sale data of properties similar to the subject are available. Several sales of improved properties have been researched and analyzed prior to adjusting for differences between the sales and the subject. Items requiring adjustment included property rights conveyed, financing terms, conditions of sale, market conditions (time), as well as locational, physical and economic characteristics. The Sales Comparison Approach is considered to provide a reliable market value estimate for the subject property.

The Income Capitalization Approach is an effective valuation technique for properties that are purchased by a speculative investor on a cash flow basis. In developing the Income Capitalization Approach within this report, direct capitalization of a stabilized operating statement was conducted. Income and expense data, as well as lender and investor parameters, were readily available in the marketplace to derive a market value estimate for the subject. This valuation technique is widely recognized by both buyers and sellers of rental property within the subject market area.

Based upon an investigation and analysis of the information gathered with respect to this assignment, as of September 3, 1997, the subject property is estimated to have a market value of:

TWO HUNDRED FORTY THOUSAND DOLLARS
(\$240,000)

ITALIA & LEMP, INC.

CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

1. I have no present or contemplated future interest in the real estate that is the subject of this appraisal report.
2. I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
3. To the best of my knowledge and belief, the statements of fact contained in this appraisal report upon which the analyses, opinions, and conclusions expressed herein are based are true and correct.
4. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, unbiased professional analyses, opinions, and conclusions.
5. This appraisal report sets forth all of the limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report.
6. This appraisal report has been made in conformity with and is subject to the requirements of the Uniform Standards of Professional Appraisal Practice, 1996 Edition, as well as the Standards of Professional Appraisal Practice and Code of Professional Ethics of the Appraisal Institute.
7. My opinion of the market value is based upon my independent appraisal and the exercise of my professional judgment without collaboration or direction as to said value. No one other than the undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this report.
8. My compensation for the appraisal report is not contingent upon the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
9. Acknowledgment is made of the contribution of an associate appraiser who has assisted with the collection, analysis, preparation and rendering of judgments in this appraisal report, if appropriate.
10. This appraisal assignment is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
11. Christopher A. Italia, MAI, and Todd M. Isaacson have made an interior and exterior inspection of the subject property.

ITALIA & LEMP, INC.

CERTIFICATION (continued)

Standard Form Restriction Upon Disclosure and Use


Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute, which allow for review of the report by duly authorized representatives of the Appraisal Institute.

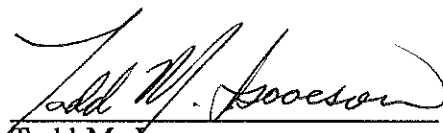
Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or to the MAI or RM designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the undersigned.

Based upon an investigation and analysis of the information gathered with respect to this assignment, as of September 3, 1997, the subject property is estimated to have a market value of:

TWO HUNDRED FORTY THOUSAND DOLLARS
(\$240,000)

As of the date of this report, Christopher A. Italia, MAI, has completed the requirements of the mandatory continuing education program of the Appraisal Institute.


Christopher A. Italia, MAI
Certification Number 303


Todd M. Isaacson
Certification Number 206

ITALIA & LEMP, INC.

ASSUMPTIONS AND LIMITING CONDITIONS

1. No investigation of title to the property has been made, and the premises are assumed to be free and clear of all deeds of trust, (leases), use restrictions and reservations, easements, cases or actions pending, tax liens, bonded indebtedness, unless otherwise specified.

No responsibility for legal matters is assumed. All existing liens and encumbrances have been disregarded, and the property is appraised as though free and clear, unless otherwise specified.

2. The maps and exhibits included in this report are for illustration only to help the reader visualize the property. They should not be considered as surveys or relied upon for any other purpose. No appraiser responsibility is assumed in connection therewith.
3. The appraiser, by reason of this report, is not required to give testimony or be in attendance in any court or before any governmental body with reference to the property in question unless arrangements have been previously made.
4. No engineering survey has been furnished to the appraiser, and no responsibility is assumed for engineering matters, mechanical or structural. Good mechanical and structural condition is assumed to exist unless otherwise noted.
5. The subject property owner reported that Parcel 2 currently has two underground gasoline tanks with a reported capacity of 1,000 gallons per tank. The subject owner reported that these tanks are reportedly to be removed within the next 30 days at the cost of the current subject owner. Based upon this information, this subject property is predicated on the assumption that the underground tanks have been removed and that the underlying subject site has not been impaired or contaminated by the existence of these tanks. No evidence of contamination or hazardous materials used in the construction or maintenance of any improvements was observed on the date of inspection. The appraiser, however, is not qualified to detect such substances, including the existences of urea-formaldehyde, radon gas, foam insulation, asbestos, lead paint, or other potentially hazardous waste material that may have an effect on the value of the property.
6. No soil survey has been furnished, and it is assumed that no surface or subsurface contaminants, pollutants, or discharge is present. The appraiser reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, or investigation.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws, unless noncompliance is stated and considered in this report.
8. No soil borings or analyses have been made of the subject. It is assumed that soil conditions are adequate to support standard construction consistent with the highest and best use as stated in this report.
9. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based, unless noncompliance is stated and considered in this report.

ASSUMPTIONS AND LIMITING CONDITIONS (continued)

10. The individual values estimated for the various components of the subject property are valid only when taken in the context of this report and are invalid if considered individually or as components in connection with any other appraisal.
11. When the Discounted Cash Flow Analysis is used, it is prepared on the basis of information and assumptions stipulated in this report. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon the occurrence of other future events that cannot be assured. Therefore, the actual results achieved may well vary from the projections, and such variations may be material.
12. The date of value expressed in this report is set forth in a letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date that may affect the opinions herein stated.
13. If this report is used within a credit sale-leaseback-type transaction, or as the offering structure of a syndicate or syndication partnership, joint venture, or association, it is to be noted that the value estimate rendered is restricted exclusively to the underlying real property rights defined in this report. No consideration whatsoever is given to the value of any partnership units or interest(s), broker or dealer selling commissions, general partners' acquisition fees, operating deficit reserves, offering expenses, atypical financing, and other similar considerations.
14. The appraiser's value estimate presumes that all benefits, terms, and conditions have been disclosed in any lease agreements, and the appraiser has been fully informed of any additional considerations (i.e., front-end cash payments, additional leasehold improvement contributions, space buybacks, free rent, equity options).
15. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the author(s), particularly as to valuation conclusions, the identity of the author(s) or firm with which they are connected, or any reference to the Appraisal Institute or to the MAI designation.
16. This appraisal was prepared for the confidential use of the client for the purpose specified and must not be used in any other manner without the written consent of the appraiser. The report and the data herein contained, except that provided by the client, remain the exclusive property of Italia & Lemp, Inc.
17. The Americans with Disabilities Act (ADA) became effective January 26, 1992. A specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA have not been conducted. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since no direct evidence relating to this issue is available, this report does not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

QUALIFICATIONS OF THE APPRAISERS

CHRISTOPHER A. ITALIA, MAI

Principal - Italia & Lemp, Inc.

Christopher A. Italia, MAI, is a principal and co-founder of Italia & Lemp, Inc., a multifaceted organization providing professional real estate-related services on a regional basis. Mr. Italia began his appraisal career in 1985 for a New England region, Connecticut-based real estate appraisal firm.

Until 1992, he served as a manager of a diversified appraisal staff with a market concentration of Connecticut-based real estate, with a concentration in Hartford and New Haven counties. Appraisal assignments performed include narrative and form appraisals of residential, commercial, office and industrial properties. Consulting activities include marketability, feasibility, highest and best use studies, and tax appeals.

The following is Mr. Italia's licensing information:

<u>State of Connecticut</u> --	Certified General Real Estate Appraiser
License No.	303
Effective Date	May 1, 1997
Expiration Date	April 30, 1998
<u>State of Massachusetts</u> --	Certified General Real Estate Appraiser
License No.	3523
Expiration Date	December 25, 1999
<u>State of Rhode Island</u> --	Certified General Appraiser
License No.	A00675G
Effective Date	November 10, 1996
Expiration Date	November 9, 1998

Mr. Italia's appraisal background covers a broad spectrum of real property interests and valuations, with the largest single valuation in excess of \$80 million. Mr. Italia's areas of concentration are in the fields of investment analysis, low- and moderate-income housing, investment and cash flow analysis, apartment complexes, retail centers, special-purpose properties, hotels/motels, and condominium projects. Mr. Italia is a Member of the Appraisal Institute (Designation No. 9108) and is a licensed real estate broker within the state of Connecticut (License No. 332652). He is currently a member of the Experience Review Committee of the Appraisal Institute.

Mr. Italia has prepared lectures for tax assessor groups and financial institutions relating to apartment, condominium and office valuation trends and has written articles relating to the valuation of apartment complexes (New England Real Estate Journal).

Mr. Italia has testified as an expert witness in the state of Connecticut and federal court systems and is a 1985 graduate of the University of Connecticut, Storrs, Connecticut, graduating cum laude with a Bachelor of Science, Business Administration degree. Litigation cases include testimony relative to foreclosure, deficiency domain, ad valorem, and inverse condemnation.

ITALIA & LEMP, INC.

QUALIFICATIONS OF THE APPRAISERS

TODD M. ISAACSON

Mr. Isaacson serves as an appraiser for the Connecticut market area. Since 1991, Mr. Isaacson has prepared narrative and form commercial real estate appraisals, highest and best use studies, market and feasibility analyses and tax counseling. Regional assignments have included apartments and condominiums, retail, office, restaurants, hotels, motels, inns, mixed-use and industrial properties as well as various land types.

Prior to his employment at Italia & Lemp, Inc., Mr. Isaacson was employed in a similar position for Appraisal Research Counselors, LTD, a Chicago-based regional real estate and appraisal consulting firm. Previously, Mr. Isaacson was employed as a commercial real estate appraiser with Edward F. Heberger and Associates, Cheshire, Connecticut.

Mr. Isaacson is licensed as a Provisional Appraiser with the state of Connecticut (No. 206) and is a Candidate Affiliate pursuing the MAI designation of the Appraisal Institute (No. M930552). He is a 1991 graduate of the University of Connecticut, Storrs, Connecticut, with a Bachelor of Science, Business Administration, degree. In addition, he has a working knowledge of various computer software programs including Pro Ject, Office 2, Microsoft Word, Microsoft Excel, Word Perfect, and Lotus 1-2-3.

ITALIA & LEMP, INC.

ADDENDA

ITALIA & LEMP, INC.

CONTRACT FOR SERVICES

This contract is binding upon Italia & Lemp, Inc., hereinafter referred to as "the Appraisers", and Bacon Brothers, Inc., c/o John G. Bacon hereinafter referred to as "the Employer."

Said parties do hereby agree as follows:

The Appraisers agree to provide a written appraisal report regarding the following property(s), which conform with and will be subject to the requirements of the Uniform Standards of Professional Appraisal Practice as well as the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute for the following property(s):

130 Broad Street and Broad Street Rear
Middletown, CT

The Appraisers agree to provide the Employer with 2 copies of the completed appraisal reports by September 17, 1997. The terms and conditions set forth herein are predicated upon receipt of a signed contract by September 5, 1997.

The fee shall be \$2,300.

The fee is in no way connected with any value to be estimated.

The Employer shall pay the Appraiser the fee as follows:

(a) A retainer is waived.

(b) The balance of the fee is payable in full upon delivery of the completed appraisal reports.

The Employer shall be billed for any additional hearing or trial testimony at a rate of \$150 per hour.

ITALIA & LEMP, INC.

CONTRACT FOR SERVICES

It is further understood and agreed that if any portion of the compensation or costs due the appraiser become delinquent, the Employer shall pay interest thereon at the rate of 1.5% per month on said account from the due date until paid, and further agrees to pay all costs of collection thereof, including attorney's fees, court costs, etc.

It is understood that court testimony will be at the rate of \$150 per hour.

In the event the Employer desires to cancel this contract, written notice thereof shall be delivered to the Appraiser, and it is agreed that the Appraiser shall receive compensation from the Employer for all services rendered, at the rate of \$150 per hour for the time actually spent prior to receipt of written notice to stop work, plus all costs advanced in connection with said work prior of such written notice.

ACCEPTED BY:

The Employer: by


John E. Bacon

The Appraiser: by


Italia & Lemp, Inc.

Date:

Aug. 26, 1997

Date:

August 25, 1997

Retain one copy of the Contract for your records.

Return one executed copy to the Appraiser at:

Italia & Lemp, Inc.
15 Lewis Street - Suite 503
Hartford, Connecticut 06103

ITALIA & LEMP, INC.

On all People to Whom these Presents shall Come, Greeting:

Know Ye, That ELCO REALTY COMPANY, INC., a Massachusetts corporation authorized to do business in the State of Connecticut,

for the consideration of Ten (10) Dollars and other valuable considerations,

received to its full satisfaction of C. WILLIAM BACON, of 14 Bellevue Terrace, in the Town of Cromwell, and JOHN T. BACON, of Maple Shade Road, in the Town of Middletown, both in the County of Middlesex, and State of Connecticut,

does give, grant, bargain, sell and confirm unto the said C. William Bacon and John T. Bacon

a certain piece or parcel of land, together with all buildings now or hereafter placed thereon, situated on the Easterly side of Broad Street, in the Town of Middletown, County of Middlesex, and State of Connecticut, shown on a map entitled, "Map of Elco Realty Co., Inc. Property Middletown, Conn. - Jan. 1954 Scale: 1 in. = 20 ft. L. F. Quirk Civil Eng. Middletown, Conn.", which map is on file in the Middletown Town Clerk's Office as Map No. 1554, and to which map reference is hereby made and may be had for a more particular description and location of said premises, bounded and described as follows:

NORTHERLY: by land now or formerly of Hartford National Bank and Trust Company (used as a private driveway), 160 feet;
EASTERLY: by land now or formerly of The First Ecclesiastical Society of Middletown, 50 feet;
SOUTHERLY: by land now or formerly of Valentino W. and Helen M. Bibisi, 160 feet;
WESTERLY: by the Easterly side of Broad Street, 50 feet.

Being a portion of the premises conveyed to Elco Realty Company, Inc. by Warranty Deed from William B. Leatherbee, E. Robinson McMullen and Julian Cohan, Trustees under The Pennington Trust, dated November 6, 1953, and recorded in the Middletown Land Records, volume 257, page 34.

Said premises are subject to taxes on the list of October 1, 1968, which the Grantees herein hereby assume and agree to pay as part consideration for this conveyance.

\$ 57.80 Conveyance Tax received

John T. Bacon
Town Clerk of Middletown

STATE OF CONNECTICUT) SS. Middletown, February 19th A.D. 1948.

COUNTY OF MIDDLESEX)

and personally appeared Katherine Walsh the signer, and sealer of the foregoing instrument, who acknowledged that she executed the same in the capacity and for the purpose therein stated, and that the same is her free act and deed before me

A. Harold Campbell
Commissioner of the Superior Court
for Middlesex County

March 1, 1948 at 9:20 A.M., a true record

Attest Anna J. Pater
Town Clerk

WARRANTY DEED

TO ALL PEOPLE TO WHOM THESE PRESENTS SHALL COME GREETING: KNOW YE, That I, Mary G. Bacon, of the Town of Middletown County of Middlesex and State of Connecticut for the consideration of One (1.00) Dollar and other valuable considerations received to my full satisfaction of BACON BROTHERS, INCORPORATED, a corporation organized under the laws of the State of Connecticut and having its principal place of business in said Town of Middletown, do give, grant, bargain sell and confirm unto the said Bacon Brothers, Incorporated Those two pieces or parcels of land with the building and other improvements thereon, located in said Middletown, and bounded and described as follows:

FIRST PIECE: All that certain tract or parcel of land, with all the buildings thereon, located to the rear of the Central National Bank property and Second Piece, herein, and bounded and described as follows:

Commencing at a point in the dividing line between property of The Central National Bank of Middletown and the Parish of the Church of the Holy Trinity, as established by agreement and recorded in the Middletown Land Records, Volume 146, Page 475, One Hundred Ninety and Two tenths (190.2') Feet from the Northeast corner of said Bank's property and running thence Southerly Sixty-four (64') Feet along said Bank's property; thence Westerly Two Hundred Ten (210') Feet along the roadway belonging to said Bank; thence Northerly Sixty-four (64') Feet along land now or formerly of Joseph T. Elliot; thence Easterly Two Hundred Ten (210') Feet along property of said Parish to the point of beginning; together with the free use of said roadway, in common with others, for the purpose of passing and repassing from the within premises to and from Broad Street and to and from Second Piece herein; together also with the right to convey water, gas and electricity over, or under said roadway, either from Broad Street or from the said Second Piece herein; together also with the right to construct and maintain a sewer under said roadway from the premises herein conveyed to Second Piece herein. In the exercise of the rights herein granted, the Grantee shall in no way interfere or hinder the rights of others in said roadway either by permanent or temporary obstructions.

SECOND PIECE: That piece or parcel of land, with buildings and other improvements thereon, located on the Westerly side of Main Street, in said Middletown, and bounded and described as follows:

Beginning at the northeast corner of parcel herein described, which is the Southeast corner of The Central National Bank Building, and running thence Westerly along land of the said The Central National Bank about One Hundred Sixty-nine (169) Feet (this line being the South face of The Central National Bank building and the South face of the concrete fence of said Bank) to a point twenty (20) Feet East of the West line of The Central National Bank property; thence Southerly along the East boundary of driveway belonging to said The Central National Bank to a point in the North line of land formerly of the Y.M.C.A., but now known as the Commercial Building, which point is about One Hundred Sixty-nine (169) Feet West of Main Street; thence along land of said Commercial Building One Hundred Sixty-nine (169) Feet to Main Street; thence Northerly along Main Street Forty and Forty-nine One Hundredths (40.49) Feet to the place of beginning; together with the free and unobstructed right to use the passway to Broad Street (described in First Piece) for all purposes of convenience and necessity in passing and repassing with teams, vehicles and on foot, which passway is property of The Central National Bank of Middletown.

Being the same premises conveyed to me by Henry Bacon by Warranty Deed dated December 3, 1945, and recorded in the Middletown Land Records, Volume 213, Page 566.

These premises are subject to a three-year lease dated April 27, 1943 from Henry Bacon to The City Savings Bank of Middletown; as detailed and bounded in

Said premises are subject to a mortgage in the amount of \$75,000.00 to Henry Bacon and Phoebe A. Bacon dated December 3, 1945 and recorded in the Middletown Land Records. (U.S. Internal Revenue Stamps \$28.60 cancelled.)

TO HAVE AND TO HOLD the above granted and bargained premises, with the appurtenances thereof, unto it the said grantee its successors and assigns forever, to it, and their own proper use and behoof.

AND ALSO, I, the said grantor do for myself and my heirs, executors, administrators, successors and assigns, covenant with the said grantee its successors and assigns, that at and until the enrolling of these presents, I am well seized of the premises, as a good indefeasible estate in FEE SIMPLE, and have good right to bargain and sell the same in manner and form as is above written and that the same is free from all incumbrances whatsoever, except as above mentioned.

AND FURTHERMORE, I the said grantor do by these presents bind myself and my heirs successors and assigns forever to WARRANT AND DEFEND the above granted and bargained premises to it the said grantee its successors, and assigns, against all claims and demands whatsoever, except as above mentioned.

IN WITNESS WHEREOF, I have hereunto caused to be set my hand and seal this first day of March in the year of our Lord nineteen hundred and Forty-six.

Signed, Sealed and Delivered in presence of
Charles B. Bacon
Carlos Ellis
Mary G. Bacon (U.S.)

REAL ESTATE RECORD MIDDLETOWN, CONNECTICUT

[illegible]

COMMERCIAL

[illegible]

TAX COLLECTOR: S. J. GARAFALO
CITY OF MIDDLETOWN
Municipal Building
Middletown, Ct. 06457

ATTEST:

TAX COLLECTOR
02-SEP-97

List no | Dist | Grand List | Due Date
R00461 : 1 : OCTOBER 1, 1996 : JULY 1, 1997

Mill Rate	Gross	Exemp	Net	Tax Amount
CITY 23.10	132,000	0	132,000	C 3,049.20
FIRE 5.00		0		F 660.00
				T 3,709.20

BACON JOHN T + C WILLIAM

130 BROAD STREET
22 17-51 4 361 373

359 MAIN ST
MIDDLETOWN, CT. 06457

PAYMENT
R00461 1,854.60

INTEREST
.00

PAYMENT DATE
23-JUL-97

REAL ESTATE TAX STATUS

TAX COLLECTOR: S. J. GARAFALO
CITY OF MIDDLETOWN
Municipal Building
Middletown, Ct. 06457

ATTEST:

TAX COLLECTOR
02-SEP-97

List no | Dist | Grand List | Due Date
R00455 : 1 : OCTOBER 1, 1996 : JULY 1, 1997

Mill Rate	Gross	Exemp	Net	Tax Amount
CITY 23.10	150,500	0	150,500	C 3,476.56
FIRE 5.00		0		F 752.50
				T 4,229.06

BACON BROS INC

BROAD STREET
22 17-51 27 214 87

353 MAIN ST
MIDDLETOWN, CT. 06457

PAYMENT
R00455 2,114.53

INTEREST
.00

PAYMENT DATE
28-JUL-97